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ENRON

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Citicorp North American, Inc.
Citicorp Energy & Mining

1200 Smith Street
Suite 2000
Houston, TX 77002

June 29, 1999

Enron Corp.
1400 Smith St
Houston, TX 77002

Attention: Mr. Doug McDowell
Director

Upfront Fee Letter

Dear Doug:

As consideration for the structuring of the Prepaid Crude Oil Swap Transaction (the "Transaction") by Citibank, Enron Corp. ("Enron") agrees to pay Citibank an Upfront Fee (the "Fee") of 0.40% based on the Notional Amount of the Transaction US\$1250,000,000. The Fee shall be due and payable in immediately available funds to Citibank on the Trade Date (as defined in the Confirmation relating to the Transaction dated as of June 29, 1999 between Enron Capital and Trade Resources and Citibank). Enron agrees to pay the Fee to Citibank on the Trade Date and further agrees that, once paid, the Fee shall be non-refundable under any and all circumstances.

It is understood and agreed that this letter agreement shall not constitute or give rise to any obligation on the part of Citibank to provide any financing. This letter agreement may not be amended or any provision hereof waived or modified except by an instrument in writing signed by Citibank and Enron. This letter agreement may be executed in any number of counterparts, each of which shall be an original and all of which, when taken together, shall constitute one agreement. This letter agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

Citibank and Enron (each on their own behalf and, to the extent permitted by law, on behalf of its shareholders) each waives any right to trial by jury in any action, claim, suit or proceeding with respect to the matters contemplated by this letter.

This Upfront Fee Letter is delivered to Enron on the understanding that this Upfront Fee Letter or other document associated with the Transaction shall not be disclosed, directly or indirectly, to any other person except (a) to Enron's accountants, attorneys and other advisors or (b) as may be compelled to be disclosed in a judicial or administrative proceeding or as otherwise required by law. If you are in agreement with the foregoing, please indicate your acceptance of the terms and conditions of the Upfront Fee Letter by signing in the appropriate spaces below and returning to Citibank the enclosed duplicate originals of this fee letter not later than 11:59 p.m. New York, New York time, on June 29, 1999 and wiring the Upfront Fee to:

ABA# 021 00 00 89
Account #39041387
Name: PM&M Loan Account
Re: Enron Prepaid

Very truly yours,

Accepted and agreed to as of the date first above written:

ENRON CORP.

By: *[Signature]* ^{NET}
Name: *Raymond M. Bowen, Jr.*
Title: *Deputy Treasurer*

HIGHLY CONFIDENTIAL

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